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SUBJECT: PM HOWARD'S JULY 5 SPEECH ON AUSTRALIA'S STRATEGIC  
FUTURE

#### SUMMARY

1. (SBU) Prime Minister Howard used the July 5 release of the Australian Department of Defense's 2007 Defense Update to deliver a wide-ranging address on Australia's strategic future and implications for national security policy. In remarks to the Australian Strategic Policy Institute that reflected key findings of the Defence Update, Howard gave a positive, confident assessment of Australia's growing though modest military capabilities that are increasingly being shaped to meet both national and regional security challenges, as well as to contribute to international coalition operations elsewhere in the world. He reiterated Australia's intention to remain in Iraq until Iraqi security forces no longer required coalition support, and similarly pledged Australia's long-term commitment to Afghanistan. He forecast continued United States dominance globally and in the region, despite the emergence of China and India, and in spite of temporary strains brought about by America's engagement in Iraq and Afghanistan. The U.S. alliance would remain Australia's most important strategic relationship for the indefinite future. Howard was optimistic that tensions among major powers in Asia could continue to be managed successfully without resort to force. He justified Australia's shift to a more active, interventionist policy among weak and failing island states to its north and east, pointing to Australia's expected leadership role in its immediate neighborhood. As outlined in the Defense Update, he noted Australia has committed to increasing annual defense spending by three percent through 2015, including a USD 43.8 billion defense acquisition program over the next 10 years. While there were no major surprises in Howard's address, its confident, optimistic tone is likely to resonate favorably among Australians weighing candidates in this fall's election and to enhance Howard's credibility on national security issues. A summary of key points follows. Full text of the speech is expected to be posted on the Prime Minister's internet site (<http://www.pm.gov.au/media>) by July 6. End summary

#### THREATS TO AUSTRALIA

2. (U) Citing intelligence community assessments, Howard

asserted there were no foreseeable conventional military threats to Australia and Australia was likely to maintain a capability edge in its immediate region. Unconventional threats would continue from non-state actors using asymmetric warfare, and the challenge of countering terrorism, especially Islamist terrorism, would remain a major political and military struggle, engaging Australia and its allies, globally and regionally, for many years. Nation states, rather than terrorist networks, however, would continue to be the most important international actors, and the balance of power between them would remain the key determinants of Australia's security.

#### BALANCE OF POWER IN ASIA

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¶3. (U) Tensions between the major powers in Asia are likely to be managed without resort to military conflict, with fair prospects for cooperation among major and smaller powers. Despite the emergence of China and India as major powers tilting the global center of gravity towards Asia, the United States would not lose its predominant position either globally or in the region. Likewise, there is no serious rival to liberal, market-based democracy as an organizing principle. Australia has strengthened its relationships with China at the same time it has strengthened its alliance with the United States. It has concurrently initiated or strengthened defense and security relations with Japan, India, Philippines, Singapore and Malaysia.

#### UNITED STATES

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¶4. (U) While the United States currently is strained by commitments in Iraq and Afghanistan, history and demography

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suggest it would be a major mistake to underestimate America's resilience, regenerative capacity and moral authority. U.S. will maintain a clear conventional military advantage over its adversaries, and its interests and values will ensure its continuing, active global leadership role, including maintaining the vital stabilizing role it plays in East Asia. Australia's alliance with the United States will remain its most important strategic relationship for the indefinite future, with extensive benefits for Australia in terms of strategic reassurance, intelligence, defence technology and training.

#### IRAQ

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¶4. (U) It is critical that the coalition succeed in establishing a stable, democratic Iraq that is capable of defending itself Al Qaeda and internal and external enemies. Australia remains committed to staying in Iraq with its coalition partners until the Iraqi security forces no longer require outside support. Australian national interest will not be served by an American disengagement from Iraq in circumstances of perceived defeat.

#### AFGHANISTAN

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¶5. (U) Australia must be prepared for a long-term commitment in Afghanistan. As in Iraq, the choice is between supporting forces representing modernity, tolerance and hope against the calculating nihilism of the extremists.

#### PACIFIC ISLAND STATES

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¶6. (U) Australia must address instability in its neighborhood, not only to protect the approaches to Australia, to counter adverse effects on development assistance efforts, and to curb people smuggling, illegal immigration, drug trafficking and money laundering, but also because it is a moral imperative for a wealthy country to aid its neighbors. These reasons mandated Australia's major shift in 2003 to a more active and interventionist policy in the region, and will continue to dictate that Australia take

the lead in such missions as humanitarian relief, stabilization, possible evacuations, and counterterrorist operations, using both military and "soft power" in the future.

#### AUSTRALIAN DEFENCE FORCE (ADF)

17. (U) Australia's defence force must be capable of conducting multiple, substantial operations, not only in the immediate region but also contributing militarily as a member of coalitions elsewhere in the world. The GOA is committed to a three percent real increase in annual defense spending out to 2016, including spending AUSD 51 billion (USD 43.8 billion) in new acquisitions over the next 10 years to further develop ADF as a more deployable, more versatile, more networked, and more highly skilled force.

#### COMMENT

18. (SBU) While there were no major surprises in Howard's address, its confident, optimistic tone is likely to resonate favorably among security-conscious Australians weighing candidates in this fall's election and to enhance Howard's credibility on national security issues. The Prime Minister's uncompromising commitment to Iraq, which remains a highly unpopular issue with a majority of Australians, may not have swayed many minds but likely has further strengthened his image as a conviction politician. Howard's prediction of continued American dominance globally and regionally contrasted starkly with the opposition Australian Labor Party foreign affairs spokesman, Robert McClelland, who recently suggested that America eventually would be eclipsed by China's rise.

MCCALLUM